SaskBuilds

Annual Report for 2015-16

saskatchewan.ca

Government of Saskatchewan

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Letters of Transmittal

Her Honour the Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

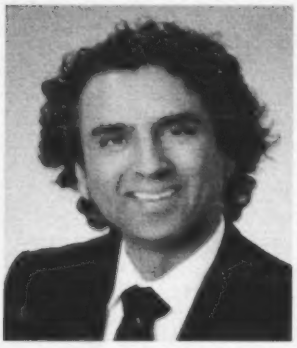
I respectfully submit the Annual Report of SaskBuilds Corporation for the fiscal year ending March 31, 2016. The report details the accomplishments of SaskBuilds in 2015-16 as it fulfills its mission to drive innovation and efficiency in public procurement and capital planning.

By building infrastructure in a way that maximizes value for taxpayers and is responsive to the needs of local businesses, we are ensuring that Saskatchewan's growth continues to better the quality of life for everyone in our province.

Sincerely,

The Honourable Gordon Wyant, Q.C.
Minister Responsible and Chair of SaskBuilds Board

Letters of Transmittal



The Honourable Gordon Wyant, Q.C.
Minister Responsible and Chair of SaskBuilds Board

Dear Sir:

I have the honour of submitting the Annual Report of SaskBuilds Corporation for the fiscal year ending March 31, 2016.

As the President and CEO, I take responsibility for the financial administration and management control of SaskBuilds. Furthermore, I acknowledge my responsibility for this report and provide assurance on the accuracy, completeness, and reliability of the information contained within.

Respectfully submitted,

Rupen Pandya
President and CEO of SaskBuilds

Introduction

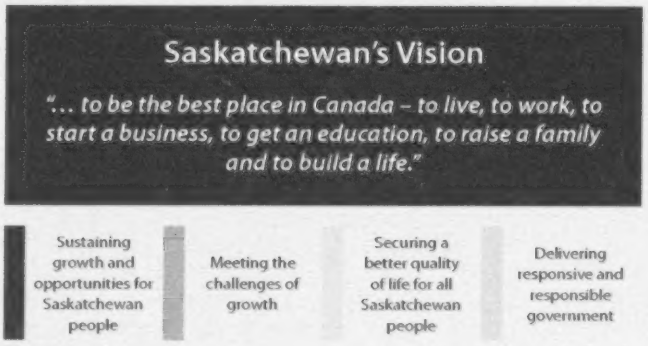
This annual report for SaskBuilds presents the Corporation's results for the fiscal year ending March 31, 2016. It provides results of publicly committed strategies, key actions and performance measures identified in the *SaskBuilds Plan for 2015-16*. It also reflects progress toward commitments from the Government Direction for 2015-16: Keeping Saskatchewan Strong, the *Saskatchewan Plan for Growth – Vision 2020 and Beyond*, throne speeches and the Corporation.

The annual report demonstrates SaskBuilds' commitment to effective public performance reporting, transparency and accountability to the public.

SaskBuilds was created as a Treasury Board Crown on October 17, 2012. This, its fourth annual report, is evidence of major innovations SaskBuilds has delivered as it concerns the way government approaches capital planning, procurement, and infrastructure projects.

Alignment with Government's Direction

The Ministry's activities in 2015-16 align with Government's vision and four goals:


Saskatchewan's Vision
"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."
Sustaining growth and opportunities for Saskatchewan people
Meeting the challenges of growth
Securing a better quality of life for all Saskatchewan people
Delivering responsive and responsible government

Together, all ministries and agencies support the achievement of Government's four goals and work towards a secure and prosperous Saskatchewan.

Quality infrastructure is the figurative and literal foundation of a strong province. SaskBuilds works to ensure the public sector undertakes projects in a way that achieves the Government's vision so our communities benefit now and in the future.

SaskBuilds Overview

From Serath to Saskatoon, Fond-du-Lac to Big Muddy, Saskatchewan people have witnessed a remarkable period in history as our province surpassed multiple population and economic milestones in recent years. At the same time, government and industry leaders watched with interest as other Canadian provinces worked collaboratively with the private sector to deliver large projects – like roads, schools, and hospitals – faster and at less cost than had typically been accomplished before.

An opportunity to match Saskatchewan's growth with world-class infrastructure delivery led to the birth of SaskBuilds in October 2012. Now the home of specialized, expert knowledge on public capital investment, SaskBuilds is recognized across Canada as a leader and innovator in public procurement. This knowledge has already returned significant benefits to the taxpayers of Saskatchewan, with SaskBuilds achieving more than half a billion dollars in savings on only five projects through the introduction of modern public-private partnerships (P3s). More successes can be expected in years to come as SaskBuilds shares lessons learned from P3s and Priority Saskatchewan consultations across the public sector, improving the quality, cost, and timeliness of projects of all sizes.

Vision

SaskBuilds' vision is strategic provincial growth through leadership in infrastructure.

Mission

SaskBuilds' mission is to drive innovation and efficiency in infrastructure planning, financing, delivery, and procurement modernization, to derive greater value, timeliness, and accountability for the Saskatchewan people.

Responsibilities

SaskBuilds is responsible for leading long-term capital planning across government, providing advice and support to help public sector bodies further the government's vision for a strong and growing province. SaskBuilds' fluency with contemporary best practices in infrastructure, alongside in-house innovations, are strategic assets that executive government, Crowns, and local authorities put to work when planning for the future.

As directed by Government, SaskBuilds will continue to lead and monitor the province's public-private partnership (P3) projects.

The Corporation is also responsible, through Priority Saskatchewan, for identifying opportunities to work with local companies to improve how government procures goods and services. Both taxpayers and Saskatchewan businesses benefit when competitions are fair, transparent, and as accessible as possible to local firms.

Team

In 2015-16, SaskBuilds had a public service team of 22 full-time employees operating from its headquarters in Regina. The team engages expert advisors, such as cost estimators and lawyers, to provide advice from time-to-time related to its projects.

SaskBuilds also relies on the help of a dedicated group of business leaders and industry association representatives to provide input into ongoing Priority Saskatchewan initiatives. The team extends its appreciation to everyone supporting the consultations for their efforts to make Saskatchewan a better place to work and do business.

Governance

The work of SaskBuilds is led by a Board of Directors, whose membership as of March 7, 2016 included:

- the Honourable Gordon S. Wyant, Q.C., Chair,
- the Honourable Don McMorris, Vice Chair,
- the Honourable Kevin Doherty,
- the Honourable Nancy Heppner,
- the Honourable Jim Reiter,
- Mr. Ken Krawetz, MLA, and
- Mr. Wayne Elhard, MLA.

Accomplishments

Each year since its creation, SaskBuilds has taken government several steps forward in the cause of better, faster, and lower cost procurements. The scope of this progress came to light in 2015-16, with a number of initiatives culminating into tangible and well-received outcomes.

P3s Prove a Success

Financial close (in lay terms, when the P3 bidding process finishes and contracts are signed) occurred on four P3 competitions, concluding years of planning and due diligence on Saskatchewan's largest construction projects since the railroad. The Regina Bypass and the new Saskatchewan Hospital North Battleford (SHNB) competitions were won by teams led by Graham, a recent inductee into the Saskatchewan Business Hall of Fame. Saskatoon's Wright Construction won yet another P3 competition and, with its partners, will be building two bundles of elementary schools across five school divisions. SaskBuilds and its partners on the project were honoured in October at the 18th Annual CCPPP Awards for Innovation and Excellence in P3s, given a Silver Award in Innovative Partnerships in recognition of the extensive collaboration required to construct 18 schools at the same time.

All five projects, including long-term care centre "The Meadows" that reached financial close in late 2014, had value for money reports published in fiscal 2015-16. Prepared by a Big Four accounting firm, these reports detail the savings associated with the P3 option. Leading the way was the Regina Bypass project, with $380 million in savings, followed by the schools project with $100 million, SHNB with $90 million, and The Meadows with $16 million. Qualitative benefits are also becoming clear as construction progresses; it is a compliment to The Meadows' designers that the Board of the Cypress Health Region chose the facility's name to reflect its tranquil, home-like setting.[1]

Improved Capital Planning

Enhancing capital planning capability across Saskatchewan's public service helps to ensure investments made in infrastructure maximize the value of taxpayers' contributions. SaskBuilds' agenda in this regard carries on. Templates and frameworks have been created to support a network of capital planning professionals as they undertake capital work across government. Supported by SaskBuilds and the Ministry of Finance, the dialogue on capital planning is now more mature than ever.

Priority Saskatchewan Action Plan

2015-16 saw many pieces of the Priority Saskatchewan action plan become a reality. Its flagship item, *The Best Value in Procurement Act, 2015*, was introduced by Minister Wyant on October 21, 2015, and passed by the Assembly three weeks later. Representatives from the Saskatchewan Heavy Construction Association, the Association of Consulting Engineering Companies of Saskatchewan, the Saskatchewan Construction Association, the North Saskatoon Business Association (NSBA), Merit Contractors, and the Canadian Manufacturers & Exporters were at the Legislature for the Bill's first reading to lend their support. The Executive Director of the NSBA, Keith Moen, aptly described the logic of best value in a StarPhoenix editorial:[2]

> "Bill 188, *The Best Value in Procurement Act, 2015*, introduced on Oct. 21, will make decisions based on best value the basis for procurement. It amends both *The Highways and Transportation Act*, and *The Public Works and Services Act* that currently require contracts to be awarded strictly on the basis of lowest price."

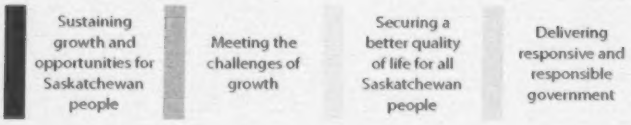
Progress also took place on other items as Crown Corporations began maximizing all possible room within Canada's Agreement on Internal Trade (AIT) to benefit western companies, and policies related to codes of conduct, multi-gated procurements, conflicts of interest, and vendor debriefings took effect. By March 31, 2016, six of 13 action items were implemented, with industry consultation continuing on the remainder.

1 *Candice Woodside, "Health Region board christens new long-term care home: The Meadows," Southwest Booster, 18 April 2016*

2 *Keith Moen, "Best value procurement good policy," Saskatoon StarPhoenix, 30 October 2015*

Progress in 2015-16

Government Goals:


Sustaining growth and opportunities for Saskatchewan people
Meeting the challenges of growth
Securing a better quality of life for all Saskatchewan people
Delivering responsive and responsible government

SaskBuilds Goal: Improve Public Infrastructure Planning and Coordination Across Government Through Integrated Long-Term Capital Planning.

Strategy – Develop a Central, Integrated, Long-Term Capital Planning Process for Government in Partnership with the Ministry of Finance.

Key Actions and Results:

- SaskBuilds continues the refinement and distribution of integrated capital planning frameworks, manuals, and other tools to assist government bodies.
- SaskBuilds is leading a community of practice that is sharing knowledge and best practices on capital planning.
- The corporation continues to analyze potential candidates for alternative procurements.

Strategy – Improve Capital Planning Consistency, Knowledge, and Capacity Across Government.

Key Actions and Results:

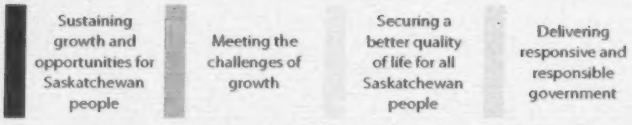
- With tools and advice provided by SaskBuilds, the dialogue on capital planning in government is becoming more sophisticated.
- SaskBuilds is sharing lessons learned from P3s, such as life-cycle costing and proper risk management, across the public service.
- Projects that may be candidates for an alternative procurement model are analyzed using a well-established and respected methodology.

Performance Measures

Reviewing how Crowns and executive government approach capital planning is a process of continual improvement. Where improvements can be made, SaskBuilds will continue in its role to provide advice and support.

Deliver an integrated long-term capital plan	Ongoing
Deliver the capital planning framework to decision makers	Complete
Implement the capital planning framework across government	Ongoing
Distribute capital planning tools across government	Complete
Lead a community of practice to share best practices	Ongoing

Government Goals: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SaskBuilds Goal – Achieve On-Time and On-Budget Delivery of Complex Infrastructure Projects.

Strategy – Conduct Analysis on Capital Projects to Recommend the Most Optimal Solution, Including the Procurement Model that Creates the Greatest Value for Money for Taxpayers.

Key Actions and Results:

- Continue to engage with ministries and partners to lead the development of detailed business cases for complex infrastructure projects.
- Procurement models are analyzed on a case-by-case basis to ensure greatest value for taxpayers. The interchanges at Warman and Martensville, for example, were recommended for a traditional "design-build" rather than a P3 procurement because the traditional approach, in this case, was the lower cost option.

Strategy – Lead the Procurement for Complex Infrastructure Projects as Directed by Cabinet.

Key Actions and Results:

- Led transparent process to retain procurement-related expert advisors where necessary, such as to complete due diligence and proper reporting on P3 projects.
- Crossed a major economic development threshold when InterWest Mechanical Ltd. of Saskatoon became the 100th Saskatchewan company to participate in the Province's P3 builds.
- Worked with partners to incorporate Lean 3P, where appropriate. The significance of this work became clear as The Meadows neared completion in fiscal 2015-16, where feedback from staff and patients resulted in major design innovations and contributed greatly to its home-like atmosphere.
- Managed procurement processes in partnership with ministry/authority partners. Working relationships between public sector and P3 partners are in good shape; on the Province's first and most advanced project, the health region has been vocal in their praise for their Plenary Group collaborators. Beth Vachon, CEO of the Cypress Health Region, and Brenda Schwan, VP of Human Resources and Capital Projects, spoke to the local paper:[3]

  > The Health Region is impressed with the PCL contracting team. "There have been absolutely no concerns," said Vachon. "We made the right choice," Schwan agreed, saying, "PCL has a safety record – a very high standard safety record, that's one thing I noticed about them that I think is great. The level of professionalism to work with them, and their openness to solve problems has been great."

- Received the support of White Butte municipalities and the Regina & District, Swift Current & District, and Greater Saskatoon chambers of commerce for SaskBuilds' P3 projects in recognition of their immediate and long-term benefits to the local economy.

3 *Candace Woodisde, "Swift Current Long Term Care build on time; budget," Southwest Booster, 7 August 2015*

Performance Measures

Recommended procurement models produce value for money

2015-16 saw the release of value for money reports on each of the Province's P3 projects. Each was prepared by the project's expert financial advisors, all Big Four accounting firms. The reports confirmed that each time the Government of Saskatchewan has proceeded with a P3 project though SaskBuilds, Government achieved significant value for money.

	Financial Advisor	Traditional Cost	P3 Cost	Savings from P3
The Meadows	Deloitte	$125M	$108.5M	$16M (13%)
Regina Bypass	Ernst & Young	$2.26B	$1.88B	$380M (16%)
Joint-Use Schools	KPMG	$735.5M	$635.2M	$100M (13%)
SHNB	Ernst & Young	$497M	$407M	$90M (18%)
Total		**$3.62B**	**$3.03B**	**$586M**

Projects are on schedule through procurement and are delivered on-time

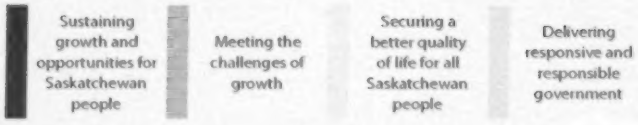
All of the Province's P3 projects remain on-schedule, an affirmation of SaskBuilds' process. Effective transfer of major construction risks like bad weather or material shortages are incentives to ensure the private partners meet the agreed upon dates; financial penalties for late delivery are also a significant motivation for builders to finish on time.

Completed projects are delivered on-budget

Similarly, all P3s projects remain on-budget. Again, this is largely attributable to the successful transfer and mitigation of project risks, as history tells us that most instances of "over budget" projects are the result of unexpected circumstances arising.

SaskBuilds is also pleased to confirm that, though occurring after the March 31, 2016 deadline that ended the 2015-16 fiscal year, the Province's first P3 in Swift Current has officially been completed on-time and on-budget.

Government Goals: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SaskBuilds Goal – Effective and Efficient Procurement for Saskatchewan Businesses.

Strategy – Ensure access to opportunity for Saskatchewan suppliers is open, fair, transparent, and accessible.

Key Actions and Results:

- Followed through to turn industry's advice into practicable procurement improvements. Shared Priority Saskatchewan feedback, outcomes, and improvements publicly for adoption across the public sector.
- Procurement practices of Crown corporations and executive government continue to be reviewed, consulted, and improved based on the Priority Saskatchewan action plan. Significant modernizations have occurred, including the coming into force of Bill 188 and changes to the way Crowns utilize exemptions in trade agreements.
- SaskBuilds continued as a central point of contact for industry and the public with regard to procurement concerns.
- A network for enabling procurement knowledge sharing has been established within government.
- Continued to share SaskBuilds' expertise with the business community and the public, including support for a near-sell out conference in Regina by the Canadian Council for Public-Private Partnerships on January 28, 2016, "Saskatchewan: Reaping the Benefits of P3s."

Performance Measures

Develop and implement an action plan to transform procurement

The Priority Saskatchewan action plan took major steps forward in 2015-16, with six of 13 items announced in the action plan implemented. Notably, it is now commonplace to see the phrase "restricted to suppliers who qualify as a New West Partnership Trade Agreement (NWPTA) Region Supplier" on applicable Crowns' tender documents.

Action Item	
Exemptions in Agreement on Internal Trade	Effective September 1, 2015
Best value procurement	Implemented prior to March 31, 2016
Conflict of interest policy	Implemented prior to March 31, 2016
Multi-staged procurement	Implemented prior to March 31, 2016
Procurement Code of Conduct	Implemented prior to March 31, 2016
Vendor debriefing policy	Implemented prior to March 31, 2016

Work is underway on the remaining items identified in the action plan. Consultations continue with industry on a regular basis. Some action items, such as "addressing the knowledge gap," will be matters of ongoing attention.

The SaskTenders website has a Knowledge Portal with a number of policies online for use by government, industry, and external partners. These largely relate to items in the Priority Saskatchewan action plan. Documents with explanations of best value, conflict of interest standards, multi-stage procurements, a procurement code of conduct, and vendor debriefings are all available for download.

Share procurement knowledge with government partners	**Ongoing**
Share procurement knowledge with industry and external partners	**Ongoing**

Report on progress to improve procurement as action plan initiatives are implemented

SaskBuilds meets regularly with industry partners to offer updates on progress, gather input on plans and policies as they are developed, and seek guidance on the future direction of Priority Saskatchewan's efforts.

One of the best measures of success is the feedback given by Saskatchewan businesses and industry associations. It is a sign of confidence in SaskBuilds' work thus far that so many players have publicly endorsed the work of Priority Saskatchewan, a sampling of which is included below. Comments provided are those of the respective authors.

> "In September you hopefully heard the exciting news that now Saskatchewan Crown Corporations are providing preferential treatment to companies based in Saskatchewan, Alberta, and British Columbia. This is a tangible sign of the provincial government's ongoing commitment to do whatever is possible to support the development and inclusion of Saskatchewan-based companies."
>
> **– Mark Cooper, President & CEO, Saskatchewan Construction Association**[4]

> "This initiative is the most comprehensive improvement plan ever undertaken in Saskatchewan. Our association firmly supports a "best value" proposition as a means to insuring that Saskatchewan businesses are treated fairly and have the ability to bid competitively on all government and crown projects here at home. We applaud the government for the steps they have already taken to make that happen by taking advantage of exemptions in the Agreement on Internal Trade and for improving procurement opportunities for businesses within provinces covered under the New West Partnership Trade Agreement. We believe that the government is moving in the right direction, and appreciate that the extensive work done to date is an important first step."
>
> **– Shantel Lipp, President, Saskatchewan Heavy Construction Association**[5]

> "Our members support the government's move to best value procurement and appreciate the consultative approach the government has taken to developing a strategic action plan that will modernize and transform procurement in Saskatchewan."
>
> **– Alun Richards, Executive Director, Saskatchewan Industrial & Mining Suppliers Association**[6]

> "We support best value procurement and its inclusion of local knowledge into the decision-making process. We appreciate that the provincial government is responding to Saskatchewan businesses by taking key steps to ensure procurement policy is fair and balanced and see today's announcement as delivering on their promise."
>
> **– Bev MacLeod, Executive Director, Association of Consulting Engineering Companies – Saskatchewan**[7]

> "This is a vital file for the future of Saskatchewan's manufacturing sector. Public procurement is a core tool to drive innovation, stimulate investment and create jobs. It is also exceedingly detailed and complex. The speed, thoroughness, and collaborative spirit demonstrated by government to-date is, quite simply, a model the rest of Canada should emulate."
>
> **– Derek Lothian, Executive Director, Sask. Manufacturing Council, and Vice President, Canadian Manufacturers & Exporters**[8]

4 *SCA Blog, 29 September 2015. Available online at http://www.scaonline.ca/blog.html*

5 *Letter to Hon. Gordon Wyant, Q.C., dated 29 September 2015. Available online at http://www.saskbuilds.ca/PrioritySK/Files/Letters%20of%20Support/after%20pkg%20SHCA.PDF*

6 *Government of Saskatchewan News Release, "Industry Supports Government on Procurement Transformation," 21 October 2015*

7 *Ibid*

8 *Letter to Hon. Gordon Wyant, Q.C., dated 30 September 2015. Available online at http://www.saskbuilds.ca/PrioritySK/Files/Letters%20of%20Support/Cdn%20Manufactures%20&%20Exports.pdf*

Management's Responsibilities

The accompanying financial statements, and related financial information throughout the Annual Report, have been prepared by management in accordance with Canadian public sector accounting standards. Management is responsible for the integrity, objectivity and reliability of the financial statements. The preparation of the statements necessarily includes some amounts that are based on the best estimates and judgments of management.

SaskBuilds' management has established and maintains a system of internal controls that provides reasonable assurance that transactions are recorded and executed in compliance with legislation and authority; assets are safeguarded; there is an effective segregation of duties and responsibilities; and, reliable financial records are maintained.

The Provincial Auditor has audited SaskBuilds' financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on the fairness of presentation of SaskBuilds' financial statements.

The Board of Directors of SaskBuilds is responsible for overseeing management's performance of its financial responsibilities and has reviewed and approved these financial statements.

Teresa Florizone, CPA, CMA
Vice President of Corporate Services and Chief Financial Officer

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of SaskBuilds Corporation, which comprise the statement of financial position as at March 31, 2016, and the statement of operations and accumulated surplus, statement of change in net financial assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of SaskBuilds Corporation as at March 31, 2016, and the results of its operations, changes in its net financial assets, and its cash flows for the for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
June 20, 2016

Judy Ferguson, FCPA, FCA
Provincial Auditor

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w www.auditor.sk.ca

2015 - 16 Financial Overview

Statement 1

Statement of Financial Position

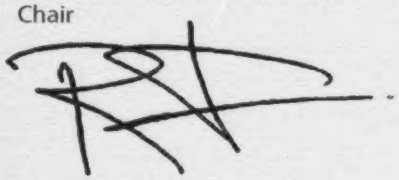
As at March 31

	2016	2015
Financial Assets		
Due From General Revenue Fund (Note 3)	$ 4,924,745	$ 4,874,433
Accounts Receivable	16,554	9,743
GST Receivable	42	94
	4,941,341	4,884,270
Liabilities		
Accounts Payable and Accrued Liabilities	558,183	1,508,207
Net Financial Assets (Statement 3)	4,383,158	3,376,063
Non-Financial Assets		
Prepaid Expenses	7,993	6,250
Tangible Capital Assets (Note 8)	119,818	282,961
	127,811	289,211
Accumulated Surplus (Statement 2)	$ 4,510,969	$ 3,665,274

(See accompanying notes to the financial statements)

Approved by the Board:

Honourable Gordon Wyant, Q.C.
Chair



Rupen Pandya
President & CEO

2015 - 16 Financial Overview

Statement 2

Statement of Operations and Accumulated Surplus

For the year ended March 31

	2016 Budget (Note 4)	2016 Actual	2015 Actual
Revenue			
Transfers from the General Revenue Fund	$ 13,673,000	$ 13,427,000	$ 12,075,000
Grant Revenue from Ministry of Highways and Infrastructure	-	-	1,680,000
Federal Revenue from PPP Canada	-	-	496,800
Interest Earned (Note 3)	-	25,513	54,962
Miscellaneous Revenue	-	2,797	3,666
	13,673,000	13,455,310	14,310,428
Expenses (Note 7)			
Operating	4,573,000	3,700,356	3,427,247
Planning and Procurement	9,100,000	8,909,259	11,702,187
	13,673,000	12,609,615	15,129,434
Annual Surplus (Deficit) (Statement 3)	-	845,695	(819,006)
Accumulated Surplus, Beginning of Year		3,665,274	4,484,280
Accumulated Surplus, End of Year (Statement 1)		$ 4,510,969	$ 3,665,274

(See accompanying notes to the financial statements)

2015 - 16 Financial Overview

Statement 3

Statement of Change in Net Financial Assets

For the year ended March 31

	2016	2015
Annual Surplus (Deficit) (Statement 2)	$ 845,695	$ (819,006)
Acquisition of Prepaid Expenses	(1,743)	(6,250)
Acquisition of Tangible Capital Assets (Note 8)	(6,027)	(306,723)
Amortization of Tangible Capital Assets (Note 8)	169,170	167,965
Increase (Decrease) in Financial Assets	1,007,095	(964,014)
Net Financial Assets, Beginning of Year	3,376,063	4,340,077
Net Financial Assets, End of Year (Statement 1)	$ 4,383,158	$ 3,376,063

(See accompanying notes to the financial statements)

2015 - 16 Financial Overview

Statement 4

Statement of Cash Flows

For the year ended March 31

	2016	2015
Cash (used in) Provided by Operating Activities		
Annual Surplus (Deficit)	$ 845,695	$ (819,006)
Non-Cash Items		
Amortization of Tangible Capital Assets	169,170	167,965
Net Change in Cash Items		
(Increase) in Accounts Receivable	(6,811)	(1,684)
Decrease in GST Receivable	52	62
(Increase) in Prepaid Expenses	(1,743)	(6,250)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(950,024)	486,363
	56,339	(172,550)
Cash (used in) Capital Activities		
Purchase of Tangible Capital Assets	(6,027)	(306,723)
Increase (Decrease) in Cash Equivalents	50,312	(479,273)
Due from General Revenue Fund, Beginning of Year	4,874,433	5,353,706
Due from General Revenue Fund, End of Year (Statement 1)	$ 4,924,745	$ 4,874,433

(See accompanying notes to the financial statements)

2015 - 16 Financial Overview

Notes to the Financial Statements

For the year ended March 31, 2016

1. **Status of SaskBuilds Corporation**

   SaskBuilds Corporation was established by Order in Council 550/2012 on October 17, 2012.

   SaskBuilds Corporation was created to integrate, coordinate and prioritize infrastructure spending of the Province of Saskatchewan. SaskBuilds provides advice and recommendations for advancing major infrastructure projects through innovative approaches to infrastructure development and alternative financing models such as public-private partnerships. SaskBuilds is a corporate body eligible to receive monies primarily appropriated by the Legislature for these purposes.

   Priority Saskatchewan was created as a branch of SaskBuilds in June 2014 and is responsible for leading a coordinated approach to procurement process improvement across government and the Crown sector. This mandate will help ensure Saskatchewan businesses are treated fairly when bidding on government and Crown contracts.

2. **Significant Accounting Policies**

   These financial statements are prepared using Canadian Public Sector Accounting Standards and reflect the following significant accounting principles:

   a) **Revenue**

      Revenue is recognized in the period in which the transactions or events occurred that give rise to the revenue. Government transfers are recognized in the period the transfer is authorized and any eligibility criteria is met.

   b) **Expenses**

      Expenses represent the cost of resources consumed during the period.

   c) **Measurement Uncertainty**

      The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations and Accumulated Surplus in the period in which they become known.

   d) **Adoption of New Accounting Standards**

      SaskBuilds did not adopt any new Canadian Public Sector Accounting Standards during this period.

   e) **Tangible Capital Assets**

      Tangible capital assets are recorded at cost and are amortized over their useful life once they are in service. Amortization is recorded on a straight line basis as follows:

Leasehold and Occupancy Improvements	lesser of useful life or lease term
Office Furniture and Equipment	5 years

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Notes to the Financial Statements

For the year ended March 31, 2016

3. Due from the General Revenue Fund

SaskBuilds' bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. Interest received of $25,513 (2015 - $54,962) was calculated and paid quarterly on SaskBuilds' average daily account balance at a 30 day interest rate with an annual average of 0.60% (2015 - 0.92%).

4. Budget Approval

The budget figures are presented for comparison purposes: the SaskBuilds' 2015-16 Budget is per SaskBuilds - Vote 86, and acknowledged by SaskBuilds Board September 10, 2014.

5. Related Parties

These financial statements include routine transactions with related parties. SaskBuilds is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan.

The Ministry of Central Services provides purchasing, risk management, records management and mail distribution to SaskBuilds without charge. The Ministry of Central Services charges accommodation and property management services under a lease agreement.

The Ministry of Central Services, Information Technology Division provides SaskBuilds with information technology services under a service level agreement.

The Public Service Commission provides SaskBuilds with human resource administration and payroll services under a service level agreement.

The Ministry of Highways and Infrastructure provides SaskBuilds with financial and administration services under a service level agreement.

Related party transactions to March 31 include the following:

	2016	2015
Accounts Receivable	$ 16,479	$ 9,743
Accounts Payable and Accrued Liabilities	$ 228,415	$ 391,839
Tangible Capital Assets	$ -	$ 193,161
Revenue	$ 13,452,513	$ 13,809,962
Expenses	$ 1,168,362	$ 2,815,322

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, SaskBuilds pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases.

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Notes to the Financial Statements

For the year ended March 31, 2016

6. Financial Instruments

SaskBuilds' financial instruments include: Due from the General Revenue Fund, Accounts Receivable, Accounts Payable and Accrued Liabilities. The carrying amount of these instruments approximates fair value due to their short-term nature. These instruments have no material interest or credit risk.

7. Expenses by Object

	2016	2015
a) Operating		
Administration	$ 320,344	$ 261,211
Advertising	2,913	7,433
Amortization	169,170	167,965
Professional Services	117,286	169,188
Rent of Space	411,006	299,759
Salaries and Benefits	2,660,263	2,478,456
Travel	19,374	43,235
	$ 3,700,356	$ 3,427,247
b) Planning, Procurement and Implementation		
Administration	$ 37,380	$ 180,999
External Professional Services	8,871,879	11,521,188
	$ 8,909,259	$ 11,702,187

8. Tangible Capital Assets

	Furniture & Equipment	Leasehold Improvements	2016 Totals	2015 Totals
Opening Cost	$ 246,222	$ 276,778	$ 523,000	$ 216,277
Additions during the year	6,027	-	6,027	306,723
Closing Cost	252,249	276,778	529,027	523,000
Opening Accumulated Amortization	81,981	158,058	240,039	72,074
Amortization for the year	50,450	118,720	169,170	167,965
Closing Accumulated Amortization	132,431	276,778	409,209	240,039
Net Book Value of Tangible Capital Assets	$ 119,818	$ -	$ 119,818	$ 282,961

For More Information

If you have questions or comments, please contact SaskBuilds by phone (306) 798-8014 or by email to saskbuilds@gov.sk.ca.

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SaskBuilds maintains a commitment to transparency and accountability. Information on P3 projects, the progress of Priority Saskatchewan, and more is available online at saskbuilds.ca